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1 CALIFORNIA GAMBLING CONTROL COMMISSION
2 SPECIFIC LANGUAGE OF PROPOSED REGULATIONS
3 APPROVAL OF TRANSACTIONS
4 CGCC-GCA-2022-0X-R
5

6 TITLE 4. BUSINESS REGULATIONS.

7 DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.

8 CHAPTER 1. GENERAL PROVISIONS

9
10 ARTICLE 1. DEFINITIONS AND GENERAL PROCEDURES

11
12 § 12002. General Definitions.

13 Unless otherwise specified, the definitions in Business and Professions Code section
14 19805, supplemented by the definitions found in Chapter 10 of Title 9 of Part 1 of the
15 Penal Code (commencing with section 330), govern the construction of this division. As
16 used in this division:

17 ...

18 (d) “Affiliate” has the same meaning as defined in Business and Professions Code
19 section 19805, subdivision (a), and, for the purposes of this division includes the
20 following:

21 (1) Any business entity in which a specified person and that specified person’s
22 spouse or registered domestic partner, as applicable, control an individual or combined
23 ownership interest of 10 percent or more;

24 (2) A director, officer, general partner, managing member, or person in control of any
25 business in which the specified person and that specified person’s spouse or registered
26 domestic partner, as applicable, control an individual or combined ownership interest of
27 10 percent or more;

28 (3) A spouse or registered domestic partner of a specified person;

29 (4) A person who resides in the same home as a specified person and is:

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- 1 (A) The father, mother, or sibling of the specified person or the specified person’s
2 spouse or registered domestic partner;
- 3 (B) The child or grandchild of the specified person; or,
- 4 (C) The spouse or registered domestic partner of a child of the specified person; and,
- 5 (5) Any trust or estate in which a specified person, or a specified person’s spouse or
6 registered domestic partner, is a beneficiary, or serves as trustee or trustor of a revocable
7 trust, or in a similar fiduciary capacity.
- 8 (e)~~(d)~~ ...
- 9 (f)~~(e)~~ ...
- 10 (g)~~(f)~~ ...
- 11 (h)~~(g)~~ ...
- 12 (i)~~(h)~~ ...
- 13 (j)~~(i)~~ ...
- 14 (k)~~(j)~~ ...
- 15 (l)~~(k)~~ ...
- 16 (m)~~(l)~~ ...
- 17 (n)~~(m)~~ ...
- 18 (o)~~(n)~~ ...
- 19 (p)~~(o)~~ ...
- 20 (q)~~(p)~~ ...
- 21 (r)~~(q)~~ ...
- 22 (s)~~(r)~~ ...
- 23 (t)~~(s)~~ ...
- 24 (u)~~(t)~~ ...
- 25 (v)~~(u)~~ ...
- 26 (w)~~(v)~~ ...
- 27 (x)~~(w)~~ ...
- 28 (y)~~(x)~~ ...
- 29 (z)~~(y)~~ ...

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- 1 (aa)~~(z)~~ ...
- 2 (ab)~~(aa)~~ ...
- 3 (ac)~~(ab)~~ ...
- 4 (ad)~~(ae)~~ ...
- 5 (ae)~~(ad)~~ ...
- 6 (af)~~(ae)~~ ...
- 7 (ag)~~(af)~~ ...
- 8 (ah)~~(ag)~~ ...
- 9 (ai)~~(ah)~~ ...
- 10 (aj)~~(ai)~~ ...
- 11 (ak)~~(aj)~~ ...
- 12 (al)~~(ak)~~ ...
- 13 (am)~~(al)~~ ...
- 14 (an)~~(am)~~ ...
- 15 (ao) “Specified person” means any owner category licensee who is a natural person,
- 16 ~~unless the~~ except for a natural person who controls less than a 10 percent ownership
- 17 ~~interest and would is not otherwise required to be licensed licensure~~ for any reason other
- 18 ~~than their ownership interest.~~
- 19 (ap)~~(an)~~ ...
- 20 (aq)~~(ao)~~ ...
- 21 (ar)~~(ap)~~ ...
- 22 (as)~~(aq)~~ ...
- 23 (at)~~(ar)~~ ...
- 24 (au)~~(as)~~ ...
- 25 (av)~~(at)~~ ...
- 26 (aw)~~(au)~~ ...
- 27 (ax)~~(av)~~ ...
- 28 (ay)~~(aw)~~ ...
- 29 (az)~~(ax)~~ ...

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1 ~~(ba)(ay)~~ ...

2 ~~(bb)(az)~~ ...

3 Note: Authority cited: Sections 19811, 19823, 19824, 19840, 19841, 19853 and 19854,
4 Business and Professions Code. Reference: Sections 19800, 19805, 19811, 19816, 19853 and
5 19984, Business and Professions Code.

6 **§ 12003. General Requirements.**

7 (a) All books, accounts, financial records, and documents required by the
8 Commission or the Bureau must be in English.

9 (b) All records required by the Commission or Bureau must be maintained for a
10 minimum of five years, unless otherwise specified, in a secure location on the premises of
11 the gambling establishment or at the main offices of the TPPPS business licensee.
12 Records may be maintained at another facility within California when approved in
13 advance by the Bureau. Any change in an approved location must be reported to the
14 Bureau by written notice mailed or delivered prior to establishing or changing a storage
15 location. The location will be deemed approved if not disapproved by the Bureau within
16 30 calendar days of receipt of the written notice.

17 (c) Each owner category licensee must allow Bureau representatives to inspect, copy,
18 or audit all requested documents, papers, books, and other records required by the Act or
19 this division within the time period specified in the request. The inspection may include
20 all hardware, associated equipment, and systems that support the operation of the licensed
21 activities. If the records are maintained in other than hardcopy form, the licensee must
22 provide a printed copy pursuant to this section upon request.

23 (d) Records may be kept, stored, and submitted in ~~a permanent form or media~~
24 hardcopy format or in a digital format that is acceptable to the Bureau, unless otherwise
25 specified.

26 Note: Authority cited: Sections 19811, 19824, 19840, 19841, 19853 and 19984, Business and
27 Professions Code. Reference: Sections 19826, 19827, 19841, 19857, 19866 and 19984, Business
28 and Professions Code.

29

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ARTICLE 2. PROCEDURES FOR HEARINGS AND MEETINGS ON APPLICATIONS

§ 12054. Consideration at a Commission Meeting.

(a) At a Commission meeting, the Commission may take, but is not limited to taking, one of the following actions:

...

(5) Table or continue an item for consideration at a subsequent meeting, for any purpose, including obtaining new or additional information from the applicant, Bureau or Commission staff, ~~provided that in~~. In the case of renewal applications, the Commission must act on the application before the license expires.

...

(12) Determine that an unlicensed person requires licensure, or that a licensee requires additional licensure. If the Commission determines that any license applications are required, the Commission may elect to withhold taking action on a ~~the~~ transaction until all required license applications have been acted upon.

...

Note: Authority cited: Sections 19811, 19823, 19824, 19840, and 19841, Business and Professions Code. Reference: Sections 19816, 19823, 19824, 19869, 19870, 19871, 19876 and 19876.5, Business and Professions Code.

§ 12068. Decisions Requiring Resignation or Divestiture.

When an application is denied or conditions, limitations, or restrictions are imposed under the Act or this chapter and that decision is final under Section 12066, any requirements set forth in the decision must be complied with, and the following will apply to the extent not inconsistent with the decision, as applicable:

...

(e) Where the decision does not specify a time for removal and there is no other controlling statutory or regulatory timeframe under paragraph (2) of subsection (a), paragraph (2) of subsection (b), or paragraph (2) of subsection (d), the denied applicant ~~specified person~~ must be removed no later than 60 days after the effective date of the decision.

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1 Authority cited: Sections 19811, 19823, 19824, 19840 and 19841, Business and Professions
2 Code. Reference: Sections 19823, 19824, 19825, 19870, 19871, 19876, 19882, 19883 and 19892,
3 Business and Professions Code.

ARTICLE 4. FEES

§ 12090. Schedule of Fees Required for Applications, Approvals, and Registrations.

9 An applicant or licensee must submit the completed form and fee amount pursuant to
10 this table with their completed application. The Bureau may request additional
11 background investigation deposits pursuant to other statutes or regulations.

Form Number	Form Name	Fee Type and Amount
...
CGCC-CH3-02
<u>CGCC-CH5-XX</u>	<u>Transaction Review Request Form</u>	<u>Transaction Review Request:</u> <ul style="list-style-type: none">• <u>Processing Fee: \$###.##</u>• <u>Deposit: \$###.##</u>
CGCC-CH7-07

12 Note: Authority cited: Sections 19841, 19876, 19915, 19951 and 19984, Business and
13 Professions Code. Reference: 19841, 19876, 19915, 19951 and 19984, Business and Professions
14 Code.

CHAPTER 3. CONDITIONS OF OPERATION FOR TPPPS BUSINESSES

ARTICLE 1. GENERAL PROVISIONS

~~§ 12256. Transfers and Sales.~~

20 (a) ~~If any TPPPS owner type licensee wishes to sell in whole or in part any~~
21 ~~ownership interest to any unlicensed person, the TPPPS owner type licensee must first~~
22 ~~notify the Commission in writing to request approval of the transaction. The transferee~~
23 ~~must apply for and be approved as a TPPPS owner licensee. Evidence of the transferor's~~
24 ~~agreement to transfer the interest and, if applicable, the proposed articles of~~
25 ~~incorporation, must accompany the application for licensing.~~

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1 ~~(b) The effective date of the sale must be at least 90 calendar days after receipt of the~~
2 ~~application for a TPPPS owner license, or such other shorter time period as will be set by~~
3 ~~the Executive Director with the agreement of the applicant.~~

4 ~~(c) Evidence of the final execution of a transfer or sale of an interest to a licensed~~
5 ~~person must be submitted in writing to the Commission within ten calendar days of the~~
6 ~~final transaction.~~

7 ~~(d) The TPPPS business licensee must notify the Bureau in writing within ten~~
8 ~~calendar days of any change to its ownership structure.~~

9 ~~Note: Authority cited: Sections 19840, 19841, and 19984, Business and Professions Code.~~
10 ~~Reference: Section 19826, and 19984, Business and Professions Code~~

CHAPTER 5. ACCOUNTING AND TRANSACTION APPROVALS

ARTICLE 1. Definitions and General Provisions~~Accounting and Financial~~ ~~Reporting~~

§ 12311. Definitions.

17 (a) Except as otherwise provided in subsection (b), the definitions in Business and
18 Professions Code section 19805 and Section 12002 of this division ~~shall~~ govern the
19 construction of this chapter.

20 (b) As used in this chapter:

21 ...

22 (6) “Licensee” means cardroom business licensee or TPPPS business licensee, as
23 appropriate.

24 (7) “Security interest” means an interest or collateral in property that secures the
25 payment or performance of an obligation or a judgment.

26 (8) “Transaction” means any business activity that establishes or modifies any rights,
27 powers, privileges, obligations, duties, or liabilities in which goods, services, or monies
28 are exchanged, or any transfer or assignment of an interest through a gift. For purposes of
29 this definition, “rights” does not include a one-time purchase of goods unless the
30 purchase includes a warranty beyond that of implied merchantability.

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1 Note: Authority cited: Sections 19811, 19824, 19840, 19841 and 19984, Business and
2 Professions Code. Reference: Sections 19805, 19840, 19841, 19853 and 19984, Business and
3 Professions Code.
4

5 § 12311.2. General Provisions.

6 (a) A licensee must maintain the following: all documents such as

7 (1) Documents containing information related to the summary and/or modification of
8 a transaction that is required to be reported under paragraphs (1) through (7) of
9 subsection (c) of Section 12324, which may include contracts, invoices, purchase orders,
10 and receipts., purchase correspondence, or confirmations, which document the
11 transaction.

12 (2) All documents relating to the terms of a transaction subject to Commission
13 approval under Section 12326, including contracts, invoices, purchase orders, and
14 receipts.

15 (b) In addition to the requirements of subsection (c) of Section 12003:

16 (1) Any request to inspect, copy, or audit any document provided for in subsection
17 (a) must be made in writing. Additionally, the period specified in the request to produce
18 records may not be less than 10 business days unless the Bureau has determined there are
19 exigent circumstances. This provision does not apply to requests made by a Bureau
20 representative who is physically present at the secure location where records are stored,
21 pursuant to subsection (b) of Section 12003.

22 (2) All writings and supporting documentation required to be maintained by this
23 article must be made available to any law enforcement agency or federal, state, or local
24 regulator. A request made pursuant to this provision may only be made by an agency or
25 regulator under all of the following circumstances:

26 (A) The request is related to a specific topic or area;

27 (B) The Bureau previously communicated to the licensee that the agency or regulator
28 making the request is working in conjunction with the Bureau on the specific topic or
29 area cited in the request.

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1 ~~(d) A transaction is considered effective on the contract date, the date specified in the~~
2 ~~contract, or the date that any cash, property, credit, guaranty, benefit, service, or security~~
3 ~~is received or exchanged, whichever occurs first.~~

4 (be) A TPPPS contract is exempt from this article.

5 (cf) Unless otherwise required by statute, regulation, or the Commission, transactions
6 conducted with an institutional investor, as defined in subdivision (w) of Business and
7 Professions Code section 19805, do not require licensure of the institutional investor.

8 ~~(dg) Patron chip transactions, extension of credit to patrons, player's banks, and~~
9 ~~patron check cashing are exempt from this article chapter.~~

10 (ch) (1) No licensee, ~~nor any of their affiliates,~~ may enter into, or cause any other
11 person to enter into, any agreement that limits contact with or restricts information that
12 can be provided to officials or employees of the Commission, the Bureau, the Department
13 of Justice, or any federal, state, or local agency with applicable enforcement or licensing
14 authority.

15 (2) An affiliate may not enter into any agreement that limits contact with or restricts
16 information that can be provided to officials or employees of the Commission, the
17 Bureau, the Department of Justice, or any federal, state, or local agency with applicable
18 enforcement or licensing authority over controlled gambling.

19 (fi) Licensees may not structure, or conduct, any transaction in a manner that
20 interferes with, obscures, or discourages full disclosure of any transaction or that evades
21 any requirements of any local ordinance or regulation, or any state or federal statute or
22 regulation.

23 (gf) A licensee does not have a right to an evidentiary hearing pursuant to Section
24 12056 if the Commission withholds taking action on a transaction pursuant to paragraph
25 (12) of subsection (a) of Section 12054.

26 Note: Authority cited: Sections 19805, 19811, 19823, 19824, 19826, 19840, 19841, 19853, 19866,
27 19870, 19901, 19902, 19904 and 19984, Business and Professions Code. Reference: Sections
28 19823, 19824, 19841, 19866, 19870, 19901, 19902, 19904 and 19984, Business and Professions
29 Code.

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1 § 12312. Record Retention and Maintenance; ~~General Provisions.~~

2 ~~Each licensee must:~~

3 (a) Notwithstanding Section 12003, Maintain all records required by this
4 ~~chapter~~article must be maintained for a minimum of seven years.

5 (b) Each licensee must:

6 (1)~~(b)~~ ...

7 (2)~~(e)~~ ...

8 (A)~~(1)~~ ...

9 (B)~~(2)~~ ...

10 (C)~~(3)~~ ...

11 (D)~~(4)~~ ...

12 (3)~~(d)~~ ...

13 (4)~~(e)~~ Keep a general ledger, which documents all accounting transactions completed
14 and posted to accounts listed in the chart of accounts referred to in paragraph (3) of
15 subsection (b) ~~subsection (d)~~ of this section. General accounting records ~~must~~shall be
16 maintained on a double-entry system of accounting with recorded transactions supported
17 by detailed subsidiary records including, but not limited to, ledgers, invoices, purchase
18 orders, and other source documents.

19 Note: Authority cited: Sections 19811, 19824, 19840, 19841, 19853 and 19984, Business and
20 Professions Code. Reference: Sections 19826, 19841, 19857 and 19984, Business and Professions
21 Code.

22

23 ARTICLE 2. ACCOUNTING AND FINANCIAL REPORTING.

24

25 § 12313. Financial Statements and Reporting Requirements

26 (a) Each licensee must prepare financial statements covering all financial activities of
27 that ~~cardroom business licensee or TPPPS business~~ licensee, as applicable, for each fiscal
28 year, in accordance with generally accepted accounting principles, unless otherwise
29 provided in this section. If a ~~cardroom owner type~~ licensee or affiliate ~~(or a person or~~
30 entity that has an interest, control, or common control with the licensee) owns or operates
31 lodging, food, beverage, or any other non-gambling operation at the gambling

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1 establishment, the financial statements must reflect the results of the gambling operation
2 separately from those non-gambling operations.

3 ...

4 ~~(f) Maintain fiscal year accounting on a calendar year basis ending December 31 of~~
5 ~~every year.~~

6 Note: Authority cited: Sections 19811, 19823, 19824, 19840, 19841, 19853 and 19984,
7 Business and Professions Code. Reference: Sections 19841, 19857 and 19984, Business and
8 Professions Code.

9

10 § 12316. Unclaimed or Abandoned Property.

11 (a) A cardroom business licensee must establish written policies and procedures
12 which comply with California's Unclaimed Property Law (Code ~~of Civil Procedure~~,
13 section 1500 et seq.), regarding unclaimed chips, cash, and cash equivalents left at a
14 gaming table or in any player's bank or safe deposit box that has been deemed inactive by
15 the terms of the cardroom business licensee's policies and procedures, un-deposited
16 checks issued by the cardroom business licensee to a patron, and un-deposited checks
17 drawn on a cardroom business licensee's account.

18 ...

19 Note: Authority cited: Sections 19811, 19840, 19841 and 19920, Business and Professions
20 Code. Reference: Sections 19801 and 19841, Business and Professions Code; and Title 10,
21 Chapter 7 (Commencing with section 1500), Code of Civil Procedure.

22

23 ARTICLE 3. TRANSACTION REQUIREMENTS.

24

25 § 12322. General Requirements and Conditions.

26 (a) The following provisions ~~or conditions~~ are required in transaction documents~~(s)~~,
27 as applicable:

28 ~~(a)~~(1)(A) All transactions requiring prior approval pursuant to this article must
29 contain a provision stating that the licensee is subject to the provisions of the Act and the
30 regulations of the Commission and the Bureau.

31 (B) In addition to the provision required in subparagraph (A), transactions requiring
32 prior approval pursuant to Section 12326 must contain a provision stating that the
33 transaction is subject to Commission approval prior to becoming effective.

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1 (2b) A transaction to sell or lease real property or an interest in real property when
2 the Commission required the purchaser or lessee to be approved or licensed for a reason
3 associated with the property must contain a provision regarding responsibility for
4 payment of any fees due pursuant to any subsequent deficiency determination made
5 under the Act.

6 (3e) A transaction for the sale of any ownership interest in a cardroom business
7 licensee must include a provision for the handling of any outstanding gaming chips
8 consistent with Business and Professions Code section 19906.

9 (4d) A transaction for the sale of any ownership interest in a licensee, in whole or in
10 part, must contain a provision that requires any proceeds derived from the continued
11 operation that would otherwise be payable to a new owner(s) to be held in an escrow
12 account and not disbursed until the new owner(s) have been approved by the Commission
13 for a license. This provision does not prevent the payment of any taxes, operating
14 expenses, preexisting obligations, ~~or preexisting dependent support;~~ payments of ~~for~~
15 debts related to the purchase of any ownership interest in a licensee;
16 or, ~~payment of any~~ other distribution of proceeds that is approved by the Commission.

17 (5e) Any lease between a licensee and a landlord must contain a provision
18 ~~acknowledging an acknowledgement~~ that the landlord is familiar with subsection (d) of
19 Section 12326 and will assist the licensee with complying with the requirements of the
20 Act, Commission regulations, and Bureau regulations, to the extent any requirements are
21 triggered by, or result from, the lease.

22 (6f) Any document whose purpose is to represent an ownership interest in a licensee
23 must include the ~~provision legend~~ provided in paragraph (1) in the body of the document
24 or as an attachment to the document.

25 (1) "THIS CERTIFICATE REPRESENTS INTERESTS IN AN ENTITY THAT
26 HOLDS A LICENSE PURSUANT TO THE GAMBLING CONTROL ACT OF THE
27 STATE OF CALIFORNIA (BUSINESS AND PROFESSIONS CODE, SECTION 19800
28 ET SEQ.) AND REGULATIONS PROMULGATED THEREUNDER. THE
29 CERTIFICATE AND THE INTEREST IT REPRESENTS MAY NOT BE

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1 TRANSFERRED, ASSIGNED, SOLD, PLEDGED, HYPOTHECATED, OR
2 DISPOSED OF WITHOUT THE PRIOR APPROVAL OF THE CALIFORNIA
3 GAMBLING CONTROL COMMISSION OR ITS SUCCESSOR.”

4 (2) In a situation in which the Commission has already approved the transaction and
5 the only change to the transaction document involves adding ~~this legend~~ the provision in
6 paragraph (1), Commission approval is not required.

7 ~~(b)(1) All~~ Transactions requiring prior approval pursuant to this article cannot
8 specify a closing date, but may specify that the transaction will close within a specified
9 amount of time following Commission approval of the transaction.

10 (2) ~~Transactions requiring prior approval pursuant to this article cannot~~ include
11 any provision that allows for any party to the transaction to perform any duty or
12 obligation, confer any benefit, or receive any right, benefit, service, privilege,
13 compensation, interest, or assignment of interest prior to the approval of the transaction
14 by the Commission.

15 Note: Authority cited: Sections 19811, 19823, 19824, 19826, 19840, 19841, 19892, 19900,
16 19901, and 19984, Business and Professions Code. Reference: Sections 19823, 19824, 19841,
17 19855, 19857, 19866, 19870, 19900, 19901, 19902, 19903, 19904, 19906, and 19984, Business
18 and Professions Code.

20 **§ 12324. Reporting Requirements.**

21 (a) All transactions conducted by an owner category licensee must be reported
22 annually to the Bureau, unless otherwise prohibited by state or federal law. In a calendar
23 year when a renewal application is required to be submitted, as provided in Section
24 12114, the report must be submitted with the renewal application. In a calendar year
25 when a renewal application is not required to be submitted, the report must be submitted
26 in the month the renewal application is ordinarily due.

27 (b) The report of transactions must include a summary of each transaction still in
28 effect and transactions, including those no longer in effect, with an effective date after the
29 date of the last submitted report. If there are no applicable transactions, the report must
30 include a statement to that effect. For purposes of this provision, a transaction is
31 considered effective on the contract date, the date specified in the contract, or the date

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1 that any cash, property, credit, guaranty, benefit, service, or security is received or
2 exchanged, whichever occurs first.

3 (c) The summary of each transaction must include the following:

4 (1) The earliest date any party performed his, her, or its duties or obligations, or
5 received any right, power, benefit, service, privilege, compensation, interest, or
6 assignment of interest pursuant to the transaction;

7 (2) The names of the parties;

8 (3) The purpose of the transaction;

9 (4) A description of any goods or services exchanged, or any rights, powers, benefits,
10 services, privileges, obligations, duties, compensation, liabilities, interest, or assignment
11 of interest modified as part of the transaction;

12 (5) The total aggregate value associated with the transaction;

13 (6) Any affiliates other than those who are solely affiliates of the reporting licensee,
14 if any;

15 (7) The name of any employee category licensee who is performing services beyond
16 those reasonably related to the employee's position or classification, the services
17 performed, and the aggregate earnings for these additional services during the year; and,

18 (8) Any Bureau identification number previously issued to the transaction, if
19 applicable.

20 (9) For any transaction that has been reported to the Bureau pursuant to this section
21 within the last 12 months, the report may instead include only the information required
22 pursuant to paragraphs (2) and (4), the license number associated with the previous
23 report, and the page number and location where the transaction can be found in the
24 previous report.

25 (d) The following transactions do not need to be included in the annual report:

26 (1) Any payments to a government entity;

27 (2) Any payments to or services from a utility company that is providing standard
28 and publicly available services such as electrical power, gas, phone, internet, storm
29 drainage, water, municipal waste management, cable television, and satellite television;

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1 (3) Any payments to or services from a publicly traded company that is providing
2 standard and publicly available services and has no other relationship to the licensee; and,

3 (4) Any payments to or services from an insurance company that is providing
4 standard and publicly available services and has no other relationship to the licensee.

5 (5) Any charitable donation of goods or services to a non-profit organization that is
6 tax exempt under Internal Revenue Code Section 501(c)(3) and has no other relationship
7 to the licensee.

8 (e) The Bureau must review the documents submitted under this section for
9 compliance with the Act, Commission and Bureau regulations, and any specific
10 conditions applicable to the licensee.

11 (f) A bankruptcy filing by a licensee does not relieve that licensee of the reporting
12 requirements in this section.

13 Note: Authority cited: Sections 19805, 19811, 19823, 19824, 19826, 19840, 19841, 19853, 19866,
14 19870, 19901, 19902, 19904 and 19984, Business and Professions Code. Reference: Sections
15 19823, 19824, 19841, 19866, 19870, 19901, 19902, 19904 and 19984, Business and Professions
16 Code.

18 **§ 12326. Commission Approval of Transactions.**

19 Licensees must submit the following transactions to the Bureau for review and must
20 receive approval from the Commission before any party to the transaction performs his,
21 her, or its duties or obligations, confers any benefit, or receives any right, power, benefit,
22 service, privilege, compensation, interest, or assignment of interest:

23 (a) The sale, assignment, transfer, pledge, or other disposition, in whole or in part, of
24 any ownership interest in a licensee, or any business wherein gambling is involved, even
25 if outside of the United States, including, but not limited to, sale of corporate stock,
26 interest in a partnership, or membership interest in a limited liability company;

27 (b) The sale, assignment, transfer, pledge, or other disposition of an option to
28 purchase any ownership interest in a licensee;

29 (c) The transfer of possession, ownership, or title of a security interest provided for in
30 subdivision (a) of Business and Professions Code section 19900;

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1 (d) The sale, lease, ~~interest~~, transfer, assignment, encumbrance, or other disposition
2 of any real property or interest in real property associated with a licensee when the
3 Commission has previously required the owner of that real property to be licensed or
4 approved for a reason associated with the property;

5 (e) Any transaction in which a licensee obtains a secured or an unsecured loan from
6 any private individual(s) or entity for any funds to be or that are used towards the
7 purchase of a licensee. This provision does not apply to loans from an institutional
8 investor;

9 (f) Any transaction or agreement between a licensee, or an affiliate of a licensee, and
10 a person, or a person who is acting as an agent on behalf of a person, who has been
11 denied a license by the Commission, has had a license suspended or revoked by the
12 Commission, or within one year ~~of the effective date~~ has had an application for
13 Commission approval withdrawn with prejudice;

14 ~~(g) Employment by a licensee or affiliate of a licensee of any person who has been~~
15 ~~denied a license by the Commission, has had a license suspended or revoked by the~~
16 ~~Commission, or within one year has had an application for Commission approval~~
17 ~~withdrawn with prejudice. This provision does not apply if the Commission has permitted~~
18 ~~employment of the individual under a local work permit or Commission work permit;~~

19 (gh) The creation or amendment of any trust or estate that permits a person to take
20 part in the operation of a licensee, or that provides payment to a person, bypass trust, or
21 subtrust from the profits of a licensee; and/or,

22 (hi) Any transaction that materially amends or modifies any transaction previously
23 approved by the Commission. An amendment is considered material if the amendment
24 grants, denies, expands, or diminishes any rights or obligations under the transaction.

25 Note: Authority cited: Sections 19811, 19823, 19824, 19826, 19840, 19841, 19892, 19900, 19901,
26 and 19984, Business and Professions Code. Reference: Sections 19805, 19823, 19824, 19841,
27 19853, 19857, 19858, 19866, 19870, 19878, 19900, 19901, 19902, 19903, 19904 and 19984,
28 Business and Professions Code.

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§ 12328. Transactions and License Requirements.

Any licensee submitting a transaction requiring review and approval pursuant to Section 12326, or including one or more persons involved in the transaction who are not licensed but will be required to be licensed pursuant to the Act or Commission regulations, must submit the following to the Bureau:

(a) A completed Transaction Review Request Form, CGCC-CH5-XX (New XX/23), which is attached in Appendix A to this chapter, and the applicable processing fee and deposit required in Section 12090;

(b) Complete copies of all documents and agreements related to, and intended to effectuate, the proposed transaction;

(c) Any application(s) for licensure, as applicable.

Note: Authority cited: Sections 19811, 19823, 19824, 19840, 19841, 19900, 19901, 19905, 19951 and 19984, Business and Professions Code. Reference: Sections 19823, 19824, 19826, 19841, 19866, 19901, 19905 and 19984, Business and Professions Code.

§ 12330. Required License Maintenance.

(a) Licensees must continue to apply for renewal of required licenses while a transaction is being considered. Nothing in this subsection requires the licensee to remain in operation for the duration of the approval period.

(b) If the seller or transferor maintains a security interest in the licensee, the seller or transferor may choose to maintain a valid ~~cardroom~~ ~~endorsee license~~ or ~~TPPPS~~ ~~endorsee license~~ ~~as a security interest holder~~ endorsed on the purchaser's or transferee's license certificate, if not otherwise required by the Commission.

Note: Authority cited: Sections 19811, 19823, 19824, 19826, 19840, 19841, 19901 and 19984, Business and Professions Code. Reference: Sections 19823, 19824, 19841, 19855, 19866, 19870, 19901, 19902, 19904 and 19984, Business and Professions Code.

§ 12332. Processing Timelines for Transaction Requests.

(a) A request for the review of a transaction must be ~~submitted to the Bureau and~~ processed within the following timeframes:

(1) The Bureau must notify the requestor in writing within 10 calendar days after the receipt of a request, that the request or a resubmitted request is complete and accepted for initial processing, or that a request or a resubmitted request is deficient and identify what

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1 specific additional information is required. For the purposes of this section, “complete
2 request” means a request including complete and final versions of all required documents
3 pursuant to Section 12328.

4 (2) If the licensee does not provide the additional information required to complete
5 any request within 30 calendar days of receipt of notice that the request is deficient
6 pursuant to paragraph (1), the transaction request will be deemed abandoned and no
7 further action will be taken on the request by the Bureau or the Commission. If a
8 transaction request is deemed abandoned, the licensee may resubmit a complete request,
9 which will be treated as a new request for approval under this section.

10 (3) Within 90 calendar days of receiving a complete request or, if the request is
11 accompanied by a license application, within the timeframe specified in Business and
12 Professions Code section 19868~~within 180 calendar days of receiving a request if the~~
13 ~~request is accompanied by a license application,~~ the Bureau must submit the transaction
14 to the Commission for consideration, including any appropriate recommendation related
15 to the transaction and stating whether any licensure, registration, or a finding of
16 suitability may be necessary. Upon the submission of a transaction to the Commission,
17 the Bureau must send a copy of any recommendations it provided to the Commission, to
18 the licensee.

19 (4) The Bureau may request further information or documents as needed. The
20 Bureau’s review period is suspended until the Bureau has received all requested
21 information or documents. This request is subject to paragraph (2).

22 (b) Notice that the transaction has been scheduled at a Commission meeting must be
23 provided within 60 calendar days after submittal of the transaction to the Commission by
24 the Bureau, except that the Commission may notify the licensee, in writing, that
25 additional time, not to exceed 30 days, is needed.

26 Note: Authority cited: Sections 19811, 19823, 19824, 19840, 19841, 19901 and 19984, Business
27 and Professions Code. Reference: Sections 19823, 19824, 19826, 19841, 19857, 19901 and
28 19984, Business and Professions Code.

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CHAPTER 10. DISCIPLINE, HEARINGS, AND DECISIONS.

§ 12560. Disciplinary Guidelines for Third-Party Proposition Player Services Licensees.

(a) If the Commission finds that a TPPPS owner type licensee, is out of compliance with any mandatory duty specified in or imposed by the Act or any Commission or Bureau regulation, which is not otherwise listed in these disciplinary guidelines, the ~~penalty-discipline~~ will be one day of suspension of proposition player services ~~for from~~ either a specified cardroom business licensee or all cardroom business licensees, as the circumstances and factors in mitigation or aggravation apply and which may be stayed on terms and conditions and any monetary penalty as described in paragraph (7) of subsection (d) of Section 12554.

(b) A TPPPS owner type licensee will be subject to a minimum discipline of ~~suspension of~~ five calendar days ~~of suspension from performing proposition player services for from~~ either a specified cardroom business licensee or all cardroom business licensees, as the circumstances and factors in mitigation or aggravation apply, and a maximum discipline of revocation, which may be stayed on terms and conditions and any monetary penalty as described in paragraph (7) of subsection (d) of Section 12554 ~~of this chapter~~, if the Commission finds that:

...

(23) The TPPPS owner type licensee has failed to provide information or documentation required by California Code of Regulations, Title 4, Chapter 5, Article 3 (commencing with Section 12322), or failed to reveal any fact material to approval, or has supplied information that is untrue or misleading as it pertains to the review and approval of transactions.

~~(24)(23)~~...

~~(25)(24)~~...

~~(26)(25)~~...

~~(27)(26)~~...

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1 ~~(28)~~(27)...

2 ~~(29)~~(28)...

3 ...

4 Note: Authority cited: 19825, 19840, 19841, 19930, and 19984, Business and Professions
5 Code. Reference: Sections 19824 and 19930, Business and Professions Code.

7 **§ 12566. Disciplinary Guidelines for Cardroom Owner Type Licenses.**

8 ...

9 (c) A cardroom business licensee will be subject to a minimum discipline of
10 suspension for five days of normal business operation and a maximum discipline of
11 revocation, which may be stayed on terms and conditions and any monetary penalty as
12 described in paragraph (7) of subsection (d) of Section 12554, if the Commission finds
13 that the cardroom business licensee~~establishment~~ has:

14 ...

15 (18) Failed to provide information or documentation required by California Code of
16 Regulations, Title 4, Chapter 5, Article 3 (commencing with Section 12322), or failed to
17 reveal any fact material to approval, or has supplied information that is untrue or
18 misleading as it pertains to the review and approval of transactions.

19 Note: Authority cited: 19825, 19840, 19841, and 19930, Business and Professions Code.
20 Reference: Sections 19823, 19824, 19850, 19851, 19853, 19854, 19855, 19875, 19878, 19883,
21 19901, 19912, 19920, 19921, 19922, 19923, 19924, 19930, 19941, 19942, and 19982, Business
22 and Professions Code; and Department of Alcoholic Beverage Control v. Alcoholic Beverage
23 Control Appeals Board (2004), 118 Cal. App. 4th 1429, 1444-1445.

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Transaction Review Request Form

CGCC-CH5-0XX (New XX/23)

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BUREAU USE ONLY
BGC ID# _____



MAIL COMPLETED FORM AND DEPOSIT TO:

BUREAU OF GAMBLING CONTROL

P.O. Box 168024

Sacramento, CA 95816-8024

(916) 227-3584/30-1700

COMMERCIAL/EXPRESS DELIVERIES ONLY

BUREAU OF GAMBLING CONTROL

2450 Del Paso Road, Suite 100

Sacramento, CA 95834

PLEASE READ THE FOLLOWING INFORMATION CAREFULLY BEFORE YOU COMPLETE THIS FORM

All information must be typed or printed legibly in blue or black ink. If the space available is insufficient, attach a separate sheet(s) of paper and precede each answer with the applicable section number. Please review California Code of Regulations, Title 4, Chapter 5 (commencing with Section 12311) prior to submitting a transaction for review. A check or money order made payable to: Bureau of Gambling Control, must be submitted with this application. Failure to provide the requested information may result in the abandonment or denial of this transaction request.

SECTION 1: BUSINESS INFORMATION

<input type="checkbox"/> CARDROOM BUSINESS LICENSEE <input type="checkbox"/> TPPPS BUSINESS LICENSEE <input type="checkbox"/> CARDROOM ENDORSEE LICENSEE <input type="checkbox"/> TPPPS ENDORSEE LICENSEE		
NAME OF OWNER CATEGORY LICENSEE		LICENSE NUMBER
MAILING ADDRESS (STREET, CITY, STATE, ZIP CODE)		
PRIMARY TELEPHONE NUMBER	ALTERNATE TELEPHONE NUMBER	FAX NUMBER

SECTION 2: BRIEFLY EXPLAIN THE PURPOSE OF THE TRANSACTION
 Information provided must include all compensation or services and the party(ies) providing them. If additional space is needed, please continue on a separate sheet(s) of paper and attach to this request form.

SECTION 3: ADDITIONAL REQUIRED ITEMS

THE FOLLOWING ITEMS MUST BE SUBMITTED WITH THIS COMPLETED FORM, AS APPLICABLE. PROVIDE COPIES OF DOCUMENTS UNLESS OTHERWISE STATED. FAILURE TO PROVIDE THE REQUESTED INFORMATION MAY RESULT IN THE ABANDONMENT OR DENIAL OF YOUR TRANSACTION REQUEST.

MARK THE BOX NEXT TO EACH ATTACHED ITEM.

- THE NON-REFUNDABLE PROCESSING FEE AND DEPOSIT REQUIRED IN TITLE 4, CCR, SECTION 12090, PAYABLE TO THE BUREAU OF GAMBLING CONTROL.
- AN ATTACHMENT THAT IDENTIFIES THE NAMES, ADDRESSES, AND CONTACT NUMBER OF ALL PARTIES TO THE TRANSACTION.
- AN ATTACHMENT THAT IDENTIFIES ANY OWNERSHIP INTEREST OR AFFILIATION OF ALL PARTIES TO THE TRANSACTION TO ANY CARDROOM BUSINESS LICENSEE OR TPPPS BUSINESS LICENSEE FOR WHICH THEY ARE NOT ALSO LICENSED.
- IF THE TRANSACTION INVOLVES LENDING ACTIVITY FROM A PERSON THAT IS NOT AN INSTITUTIONAL INVESTOR, DOCUMENTS SUFFICIENT TO SHOW THE SOURCES OF ALL MONEY USED TO FUND THE LENDING ACTIVITY.
- IF THE TRANSACTION INCLUDES A PARTY WHO HAS BEEN DENIED A LICENSE, HAS A SUSPENDED OR REVOKED LICENSE, OR HAS AN APPLICATION THAT WAS WITHDRAWN WITH PREJUDICE WITHIN THE PAST ONE YEAR FROM THE DATE THE REQUEST FOR WITHDRAWAL WAS GRANTED, AN ATTACHMENT THAT IDENTIFIES THE FOLLOWING:
 - ~~FOR EMPLOYMENT ONLY: A COPY OF ANY PROPOSED EMPLOYMENT ARRANGEMENT OR AGREEMENT, ANY TERMS AND CONDITIONS, THE EMPLOYEE'S DUTIES AND RESPONSIBILITIES, AND A JOB DESCRIPTION.~~
 - A DETAILED EXPLANATION AS TO WHY THE SPECIFIED DUTIES AND OBLIGATIONS, PRODUCTS, OR SERVICES CANNOT BE PROVIDED BY, OR ARE NOT OTHERWISE AVAILABLE FROM, PERSONS OR ENTITIES WHO HAVE NOT HAD A LICENSE DENIED, SUSPENDED, OR REVOKED, , OR WITHIN ONE YEAR OF A WITHDRAWAL WITH PREJUDICE WITH RESPECT TO THEIR LICENSES OR APPLICATIONS.

ADDITIONAL DOCUMENTATION MAY BE REQUIRED BY THE BUREAU OF GAMBLING CONTROL.

SECTION 4: DECLARATION

I declare under penalty of perjury under the laws of the State of California that the information in this form is true, accurate, and complete, and that this declaration is executed by me at _____.

City and State

PRINTED NAME	SIGNATURE	CAPACITY	DATE (MM/DD/YYYY)
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This form must be signed by the appropriate person identified below:

- *By an authorized officer, if requestor/licensee is a corporation, LLC, or joint venture.*
- *By an authorized partner, if requestor/licensee is a general partnership or limited partnership.*
- *By the owner, if requestor/licensee is a sole proprietor.*
- *By an authorized trustor or trustee, if requestor/licensee is a trust.*